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SPECIAL CHANNELS

CONF: DCI/PA INFO: RF, FILE, DCI, D/DCI, CSRF, (6/P)

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TO: IMMEDIATE

PASS TO DDCI FROM HETU

SUMMARY FROM PUBLIC AFFAIRS OFFICE

A. MEDIA PROFILE

1. THE LEAD NEWS STORY ON THURSDAY IS PRESIDENT CARTER'S PLAN TO HALT THE DECLINE OF THE DOLLAR. THE WASHINGTON STAR REPORTS THAT THE DOLLAR SOARED MORE THAN FOUR PERCENT AGAINST THE JAPANESE YEN TODAY FOR ITS SINGLE BIGGEST GAIN IN FIVE YEARS AND CONTINUED A DRAMATIC ADVANCE ON EUROPEAN CURRENCIES. A NEWS ANALYSIS IN THE WASHINGTON POST SAYS THAT PRESIDENT CARTER IS DELIBERATELY TAKING THE CHANCE OF RECESSION IN 1979 AS THE ONLY WAY TO BEAT INFLATION. THROUGHOUT THE WORLD, HOWEVER, CURRENCY TRADERS HAILED THE PACKAGE AS UNPRECEDENTED, SUBSTANTIAL, AND LONG-TERM. EVEN THE MORE PESSIMISTIC DEALERS, WHO CLAIM ONLY A NARROWING OF HUGE US TRADE DEFICITS AND CURBING INFLATION CAN PERMANENTLY SOLVE THE CURRENT PROBLEMS, CONCEDED THAT THE NEW-FOUND STABILITY WILL LAST AS LONG AS THE MAJOR CENTRAL BANKS RETAIN THEIR CONFIDENCE IN THE DOLLAR.

2. OTHER FRONT-PAGE STORIES: A. TANZANIAN TROOPS ARE PREPARING TO STRIKE BACK AT UGANDAN INVADERS. MEANWHILE UGANDAN PRESIDENT AMIN ANNOUNCED YESTERDAY THE ANNEXATION OF A 700 SQUARE MILE AREA OF NORTHWESTERN TANZANIA. B. THE IRANIAN MINISTER OF JUSTICE ANNOUNCED YESTERDAY THAT ALL POLITICAL PRISONERS IN IRAN WILL BE FREED 10 DECEMBER IN AN APPARENT MOVE TO CURB STRIKES AND REVERSE A TIDE OF ANTI-GOVERNMENT RIOTS.

B. SUMMARY OF SELECTED ITEMS

3. THE PENTAGON SAID THAT SURVIVORS FROM THE P-3C ORION THAT WENT DOWN NEAR THE KAMCHATKA PENINSULA LAST FRIDAY WILL BE FLOWN VIA COMMERCIAL AIRLINE TO JAPAN TODAY. AFTER A BRIEF MEDICAL EXAMINATION, THEY WILL CONTINUE ON TO THEIR HOME STATION IN CALIFORNIA. (UPI)

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4. RADIO HANOI REPORTS THAT HEAVY FIGHTING HAS BROKEN OUT BETWEEN CHINESE AND VIETNAMESE TROOPS IN THE MOUNTAINS OF CAO LANG PROVINCE, 135 MILES NORTHEAST OF HANOI. THOUSANDS OF CHINESE REINFORCEMENTS WERE REPORTED MOVING TOWARD THE AREA, AND THE SITUATION IS DESCRIBED AS TENSE. (UPI)

5. PRIME MINISTER BEGIN, IN REMARKS AT AN AIRPORT PRESS CONFERENCE ON WEDNESDAY, VIGOROUSLY DISAGREED WITH THE US POSITION ON EAST JERUSALEM AND REAFFIRMED ISRAEL'S INTENTION TO EXPAND EXISTING SETTLEMENTS ON THE WEST BANK. BEGIN TERMED "INTOLERABLE" THE AMERICAN VIEW THAT EAST JERUSALEM IS "OCCUPIED TERRITORY" AND DECLARED THAT JERUSALEM IS A "UNITED CITY, INDIVISIBLE, THE ETERNAL CAPITAL OF THE STATE OF ISRAEL." (NYT)

6. SECRETARY VANCE MEETS WITH ISRAELI PRIME MINISTER BEGIN IN NEW YORK TODAY TO DISCUSS OUTSTANDING ISSUES IN THE EGYPTIAN-ISRAELI PEACE NEGOTIATIONS. THE MEETING TODAY WILL REPORTEDLY FOCUS ON THE US - ISRAELI DISPUTE OVER EXPANDING WEST BANK SETTLEMENTS AND ISRAEL'S REQUEST FOR AMERICAN FINANCIAL AID TO OFFSET THE COSTS OF A WITHDRAWAL FROM THE SINAI. (POST)

7. ACCORDING TO THE SOVIET NEWS AGENCY TASS, THE PRESENT STAGE OF THE STRATEGIC ARMS LIMITATIONS TALKS (SALT) HAS CONCLUDED WITH THE DRAFTING OF A TREATY TO OPERATE UP TO THE YEAR 1985. TASS STRESSED THAT DURING THE TALKS THE SIDES SUCCEEDED IN OVERCOMING A NUMBER OF SERIOUS DIFFICULTIES THAT OVER A LONG TIME PREVENTED THE MAKING OF AN AGREEMENT. IMMEDIATELY AFTER THE AGREEMENT IS SIGNED, THE NEXT STAGE OF THE TALKS MUST BE STARTED TO WORK OUT AND ADOPT NEW MEASURES FOR LIMITATION AND REDUCTION OF STRATEGIC ARMAMENTS.

8. THE KREMLIN AND PLO LEADER YASSER ARAFAT YESTERDAY DECLARED IN A JOINT COMMUNIQUE A "SPECIAL URGENCY" TO ORGANIZE A SUCCESSFUL OPPOSITION TO THE CAMP DAVID ACCORDS BY OTHER ARAB STATES. SOVIET SUPPORT OF ARAFAT'S PLO, REITERATED IN THE COMMUNIQUE, IS BASED ON KREMLIN DEMANDS FOR A PALESTINIAN NATION. (POST)

9. IN A SPEECH TO SENIOR PARTY AND GOVERNMENT OFFICIALS, PRESIDENT EDWARD GIEREK UNDERLINED POLAND'S ECONOMIC PROBLEMS AND PLACED THE CAUSE ON RECESSION IN THE WEST. HE HAS VOWED TO CURB HARD CURRENCY IMPORTS AND CUTBACK ON CAPITAL INVESTMENT IN NEW PLANTS. THIS POLICY, HOWEVER, HAS BROUGHT HIM IN CONFLICT WITH POWERFUL

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PARTY OFFICIALS IN SEVERAL INDUSTRIAL CITIES. (NYT)

10. THE DECISION BY THE MODERATE BASQUE NATIONALIST PARTY (PNV) NOT TO SUPPORT SPAIN'S NEW CONSTITUTION IS LIKELY TO DEEPEN DIVISIONS BETWEEN MADRID AND LOCAL AUTONOMISTS AS A REFERENDUM CAMPAIGN GETS UNDER WAY NEXT MONTH. IN ADDITION, THE PNV HAS URGED ITS SUPPORTERS TO ABSTAIN FROM VOTING ON THE DRAFT BECAUSE IT DID NOT GUARANTEE TRADITIONAL BASQUE FREEDOMS. WITH THE TERRORIST GROUP ETA, WHICH WANTS COMPLETE INDEPENDENCE FOR THE BASQUES, PLEDGED TO INTENSIFYING ITS CAMPAIGN OF VIOLENCE AS REFERENDUM DAY DRAWS CLOSER, THE GOVERNMENT FEARS THAT THE PUBLIC CAMPAIGNING WHICH IS LIKELY TO PRECEDE THE REFERENDUM VOTE COULD HAVE SERIOUS REPERCUSSIONS FOR POLITICAL STABILITY. (NYT) E2 IMPDET. >

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